MERIDIAN

ENERGY CORPORATION

2001 ANNUAL REPORT

CORPORATE PROFILE

Meridian Energy Corporation is a public corporation actively engaged in the exploration for, acquisition, development and production of crude oil and natural gas with its head office in Calgary, Alberta. The Company's long term goal is to build a highly efficient and profitable junior oil and gas company focused on creating shareholder value. The Company intends to achieve this goal primarily by an active oil and gas exploration and development program utilizing the substantial geological and engineering talent of its management team. Meridian's strategy will be to invite other industry participants to farm-in on prospects developed and acquired by the Company, thereby minimizing the amount of risk capital otherwise required to develop new opportunities. The Company plans to focus its exploration and development efforts exclusively in the Western Canadian Sedimentary Basin.

Annual General Meeting

The Annual General Meeting of the Shareholders of Meridian Energy Corporation will be held on Monday, June 10, 2002 at the offices of the Company, Suite 380, 435-4th Avenue S.W., Calgary, Alberta at 2:00 p.m.

CONTENTS

GLOSSARY OF TERMS

ARTC	Alberta Royalty Tax Credit
BBLd	barrels per day
Bcf	billion cubic feet
BOE's	barrels of oil equivalent 10mcf = 1 BOE
BOED	barrels of oil equivalent per day
Mbbls	thousand barrels
MBOE	thousand barrels of oil equivalent
Mcf	thousand cubic feet
Mcfd	thousand cubic feet per day
MMcf	million cubic feet
MMcfd	million cubic feet per day
NGLs	natural gas liquids
P&NG	petroleum & natural gas
WTI	West Texas Intermediate crude oil

PRESIDENT'S MESSAGE TO SHAREHOLDERS

Review of 2001

During the last year the Company drilled one successful gas well, tied-in two others and earned a royalty interest in an additional two wells by way of farm out. The Company continued its plan to develop and acquire new drilling prospects and to farm such new prospects out to interested third parties in order to minimize the overall risk exposure to Meridian. In circumstances interpreted to be low risk with suitable financial rewards, the Company will participate in the drilling of a new well. In comparison to previous years, greater difficulty was encountered in farming out new prospects. These difficulties could be attributed in part to an increasing trend of corporate mergers and acquisitions that have reduced the number of potential parties that may have been interested in Meridian's prospects and to competition for capital with industry divestiture programs. During the first half of the calendar year when product prices and cash flows were high, industry participants seemed more focused on development of larger, in-house prospects. After product prices and cash flow declined during the second half of the year, reduced capital availability further hampered efforts to farm out prospects.

At the Company's core property in Westerose, Alberta, two previously drilled, shut-in, low productivity gas wells were tied-in and placed on continuous production during the third quarter. The Company retained an average 12 percent working interest in the two wells. A new well was also drilled on the property and placed on production during the month of December. Meridian has a 6 percent working interest in the new 15-9-44-3W5M gas well. Overall production from the three new wells will amount to approximately 12 BOED, net to the Company.

The Company participated in the drilling of a new well at Shiningbank, in Central Alberta. The well location was based on a seismic anomaly interpreted to be a gas charged Lower Mannville sand. After running open hole logs, the prospective zone was determined to be marginally economic and the completion was farmed out to another industry participant active in the area. This third party has recently completed the well, which was flowing at initial rates of 380 Mcfd. Meridian will retain a 2.4 percent gross overriding royalty on the property until payout.

A successful new well was drilled on Company interest lands at Parkland in Southern Alberta; however, the well was farmed to a third party without authorization from Meridian. Negotiations are underway with the original operator that held Meridian's interest in trust to correct this situation.

At Glen Park in Central Alberta, the Company has completed a reservoir simulation study that confirms a waterflood of the Glauconite A and B Pools is technically and economically feasible. In addition, the simulation study suggests that a large, new oil pool lies immediately east of the existing pools and has been providing considerable pressure support by way of oil and gas migration, to the existing reservoir. Meridian has a 100 percent working interest in a portion of the lands, which include the new pool extension. The Company is discussing further development of this property with a third party.

The Company recently made a successful application to Alberta Energy for a one year extension of a single section lease at Gordondale in North West Alberta. The lease is a one quarter mile offset to a producing Gething gas well which has produced a rates of 2 to 3 MMcfd over the past year. Geologic mapping of the Gething Formation and log interpretation of two previously drilled wells on the Company lands suggests these lands are gas bearing and on trend with the offsetting producer.

Outlook for 2002

Over the near term, the Company plans to maintain its course on developing, acquiring and farming out new and existing prospects thereby minimizing exposure to higher risk exploratory drilling expenditures. As with previous years, the Company may participate in low risk, well controlled development drilling opportunities offering substantial upside potential.

Due to the disappointing results of the last year and the limited working capital remaining, the Company believes it may be an opportune time to pursue alternate "strategic options" which may involve a business combination of some form with other junior oil and gas companies or an overall change of the Company's Business Plan. The resulting change would hopefully provide increased opportunities for growth of shareholder value and shareholder liquidity over the relative near term.

We look forward to an interesting year with the confidence that positive change will be forthcoming. Thank you for your support and patience.

ON BEHALF OF THE BOARD OF DIRECTORS

Fred R. Thompson
President and Chief Executive Officer
May 1, 2002

MAJOR PRODUCING PROPERTIES

Westerose

The Westerose property consists of six producing Glauconite gas wells, three of which were placed on production during the 2001 calendar year. Meridian has working interests ranging from 6 percent to 17.65 percent in the six wells. Net gas production to the Company from this property during December, 2001, when all wells were finally tied-in, was 171 Mcf per day plus 27 barrels per day of natural gas liquids.

Other Producing Areas

During 2001, the balance of Meridian's natural gas and natural gas liquids production was realized from wells at Willesden Green and Rimbey located in Central Alberta and Mulligan in North Central Alberta. Crude oil production was also derived from wells at Mulligan and LaGlace in North Central Alberta. The Mulligan oil property was sold effective August 1, 2001. The Company also owns minor royalty interests in wells at Mulligan, Shiningbank and Parkland.

EXPLORATION AND DEVELOPMENT REVIEW

In July, the Company and partners participated in the drilling of a new well to test a Lower Mannville gas prospect at Shiningbank in Central West Alberta. The prospect was based upon seismic analysis which suggested the presence of a thick, gas charged porous sand. Unfortunately, the well did not encounter the zone predicted by seismic, but did penetrate a thin low permeability gas sand. The Company and partners were not willing to risk further capital expenditures to complete and test the gas zone encountered but were able to farm their respective interests to a third party active in the area. The third party paid for all costs to case and complete the well which was flow tested at initial rates of 380 mcfd. Meridian had an initial 20 percent working interest and paid approximately $80,000 for its share of drilling costs. After farming the well to a third party, Meridian will retain a 12 percent gross overriding royalty on its working interest reverting after payout to an 8 percent working interest.

Two previously drilled shut-in Glauconite gas wells at the Company's main producing property at Westerose in Central Alberta were tied-in and placed on production at the end of the second quarter. The Company has a 17.65 percent working interest in one well and 6.38 percent in the other. Net production from the two new wells averaged 61 mcf per day and 3.2 barrels per day of natural gas liquids for the balance of the year. During the third quarter, a new Glauconite gas well was drilled at 15-9-44-3W5M. The Company has a 6 percent working interest in this new well, which has been completed and flow tested at gas rates in the order of 1 MMcfd against wellhead pressure of 1400 psi. The well went on production in December, 2001 at rates of 1.4 MMcfd. Meridian has a 6.0 percent working interest in this well.

Unbeknown to the Company, a successful new gas well was drilled in March , 2000 on Company lands located at Parkland in Southern Alberta. Meridian had earned a 15 percent working interest in these lands through a previous drilling commitment. Meridian's interest in the lands, which was held in trust by the previous operator, was farmed out to a third party for a royalty interest without the Company's knowledge or consent. The Company is working with the original operator to correct this oversight in order that Meridian can realize its proper value.

PRODUCTION AND FINANCIAL REVIEW

Total production during 2001 was 64,886 Mcf of natural gas and 3,936 barrels of oil and natural gas liquids compared to 53,253 Mcf of natural gas and 4,029 barrels of oil and natural gas liquids produced during 2000. Average production during 2001 was 178 Mcf per day of natural gas and 11 barrels per day of crude oil and natural gas liquids compared to 146 Mcf per day and 11 barrels per day, respectively, during 2000.

The overall increase in production and higher prices for natural gas increased revenues from petroleum and natural gas during 2001 to $489,256 from $433,630 in 2000. Natural gas prices averaged $5.42 per Mcf in 2001, as compared to $4.64 in 2000. Prices for crude oil and natural gas liquids production averaged $40.32 and $29.13 per barrel respectively in 2001 compared to $41.74 and $35.36 per barrel in 2000. Royalties increased from the previous year primarily due to higher gas prices while operating costs increased due to higher power costs over the previous year. Power costs are expected to drop significantly in the current year. General and administrative expenses were up slightly for the year while depletion increased due to a ceiling test writedown.

The Company recorded a loss for the year before taxes of $446,001 as compared to a loss before taxes of $213,298 for 2000.

FUTURE ACTIVITIES

In the near term, the Company will continue to promote the development of its prospect base, which is being viewed with considerable interest by selected new parties. In addition, the Company is pursuing the development of new oil and gas prospects and plans to continue acquisition of prospective lands close to existing infrastructure, at reasonable costs. Realizing the inherent difficulties in executing the Company's business plan over the last few years, a wide range of new strategic alternatives are being considered.

The Company is very encouraged by the results of the recent reservoir simulation study on the Glen Park prospect and believes this may represent a significant new opportunity for the Company and shareholders. Prospective lands identified offsetting our existing acreage have been posted for sale. If successfully acquired, the overall potential of the original waterflood prospect could be greatly expanded to include development of a new oil reservoir immediately adjacent to the existing pool.

RESERVES

The Company obtained an independent evaluation of its reserves as of January 1, 2002 from Grant Trimble Engineering Ltd. The following table summarizes the proved and probable additional crude oil, NGLs and natural gas reserves of the Company's properties. The discounted value of the future net revenues therefrom is based upon the escalated price assumptions utilizing the "Product Price Forecast" effective January 1, 2002, prepared by Grant Trimble Engineering Ltd. Probable additional reserves and estimated future net revenues are not risked. The present worth values of the net reserves set forth in the tables are stated prior to any provisions for income taxes, and after deduction of all royalties as well as estimated capital and operating costs. Allowance has been made for future well abandonments and lease reclamation costs. ARTC has been included in all Proven and Probable cases.

ESTIMATED RESERVES	**Oil (Mbbls)**	**Natural Gas (MMcf)**	**NGLs (Mbbls)**	**BOE's (MBOE)**
Proved producing	0.0	503	29.5	79.8
Proved non-producing	-	73	1.0	8.3
Total proved	0.0	576	30.5	88.1
Probable additional	-	217	4.8	26.5
Total proved plus probable	0.0	793	35.3	114.6

ESTIMATED FUTURE NET REVENUES ($000's)	**Undiscounted**	**Discounted at 10%**	**Discounted at 12%**	**Discounted at 15%**
Proved producing	1,395	937	880	806
Proved non-producing	333	224	210	192
Total proved	1,728	1,161	1,090	998
Probable additional	891	474	428	372
Total proved plus probable	2,619	1,635	1,518	1,370

Notes:

1. Field prices have been determined using the following forecasts of reference crude oil and natural gas prices. Field prices have been determined by adjusting the forecasted Edmonton light crude prices for historical quality and transportation differentials applicable to each specific property. Costs have been escalated at a rate of 2.0% per year commencing in 2003 and throughout the forecast period.

Year	WTI Crude Oil $U.S./bbl	Crude Oil and Condensate $Cdn/bbl	AECO Spot Natural Gas $Cdn/mcf
2002	21.25	32.00	4.00
2003	22.00	32.00	4.00
2004	22.00	31.00	4.25
2005	22.25	31.00	4.50
2006	23.75	32.00	4.50

2. The volumes and present worth values of the probable additional reserves have not been risk-adjusted.

CAPITAL EXPENDITURES

The following table summarizes capital expenditures made by the Company:

	2001	2000
Intangible drilling and completion	$ 135,377	$ 113,052
Equipment and facilities	100,474	44,558
Seismic	17,968	169,543
Land and maintenance	22,637	564,624
Total	$ 276,456	$ 891,777

In 2001, the Company sold its interest in a single oilwell at Mulligan, located in North Central Alberta, for proceeds of $9,000.

UNDEVELOPED LAND

The Company has approximately 14,731 net acres (23,200 gross acres) of undeveloped land holdings in Alberta as at January 1, 2002 with a cost of $848,000 and an estimated market value of $1,093,000 as evaluated by Elizabeth Troniak, an independent land appraiser.

NET ASSET VALUE PER SHARE

Existing Properties: 12% Present Worth Net Value	**January 1, 2002**
Total Proved	$1,090,000
Risked (50%) Probable	214,000
Total Proved Plus Risked Probable	1,304,000
Working Capital Surplus	701,000
Undeveloped Land	1,093,000
Bank Debt	0
NET ASSET VALUE	**$3,098,000**
Total Effective Number of Shares Outstanding	14,488,206
NET ASSET VALUE PER SHARE	**$0.21**

MERIDIAN ENERGY CORPORATION

BALANCE SHEETS - DECEMBER 31

ASSETS

	2001	2000
CURRENT ASSETS:		
Cash and cash equivalents	$ 764,925	$ 958,582
Accounts receivable	114,605	200,953
Prepaid expenses and deposits	29,245	39,746
	908,775	1,199,281
PROPERTY, PLANT AND EQUIPMENT (Note 3)	1,915,940	2,056,128
	$2,824,715	$3,255,409

LIABILITIES

	2001	2000
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 207,426	$ 192,833
PROVISION FOR SITE RESTORATION COSTS	30,511	29,797
FUTURE INCOME TAX LIABILITY	-	154,798

SHAREHOLDERS' EQUITY

	2001	2000
SHARE CAPITAL (Note 5)	4,774,200	4,774,200
DEFICIT	(2,187,422)	(1,896,219)
	2,586,778	2,877,981
	$2,824,715	$3,255,409

Signed on behalf of the Board,

________________________, Director

________________________, Director

See accompanying notes to financial statements.

MERIDIAN ENERGY CORPORATION

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31

	2001	2000
REVENUES:		
Petroleum and natural gas		
Gross sales	$ 489,256	$ 433,630
Royalties, net of royalty tax credit	(91,298)	(58,489)
Interest	38,186	64,121
	436,144	439,262
EXPENSES:		
Operating costs	94,866	74,989
Depletion and depreciation	408,358	207,342
General and administrative	373,759	368,583
Interest	5,162	1,646
	882,145	652,560
LOSS FOR THE YEAR, before taxes	446,001	213,298
FUTURE INCOME TAX RECOVERY	154,798	84,104
LOSS FOR THE YEAR	291,203	129,194
DEFICIT, beginning of year	1,896,219	1,909,509
Effect of change in method of accounting for income taxes (Note 1)	-	(142,484)
DEFICIT, end of year	$2,187,422	$1,896,219
LOSS PER SHARE	$ 0.02	$ 0.01

See accompanying notes to financial statements.

MERIDIAN ENERGY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	2001	2000
OPERATING ACTIVITIES:		
Loss for the year	$ (291,203)	$ (129,194)
Items not affecting cash -		
Depletion and depreciation	408,358	207,342
Future income tax recovery	(154,798)	(84,104)
Cash flow from operations	(37,643)	(5,956)
Decrease in receivables	105,849	52,951
Decrease in payables	(32,232)	(65,861)
	35,974	(18,866)
INVESTING ACTIVITIES:		
Capital expenditures	(276,456)	(891,777)
Disposal of property, plant and equipment	9,000	32,548
Receivables related to disposal of fixed assets	(9,000)	1,533,000
Payables related to capital expenditures	46,825	-
	(229,631)	673,771
CASH POSITION :		
Increase (decrease) during year	(193,657)	654,905
Beginning of year	958,582	303,677
End of year	$ 764,925	$ 958,582
CASH FLOW PER SHARE	$0.00	$0.00
Interest paid during the year	$ 5,162	$ 1,646

See accompanying notes to financial statements.

1. INCORPORATION AND BUSINESS OF THE COMPANY

The Company was incorporated under the laws of the Province of British Columbia on December 18, 1992 under the name Meridian Petroleum Corporation. The business of the Company is the exploration for, acquisition, development and production of petroleum and natural gas reserves in the Western Canada Sedimentary Basin. On March 31, 1993, the Company changed its name to Meridian Energy Corporation and was continued under the laws of the province of Alberta on September 9, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada. Management has made necessary estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts but management does not believe such differences will materially affect the Company's financial position or results of operations. Significant accounting policies are summarized as follows:

(a) Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. These cash equivalents consist primarily of bankers' acceptances. Cash equivalents are stated at the lower of cost and quoted market value.

b) Petroleum and natural gas properties

The Company follows the full cost method of accounting for oil and gas operations. All exploration, development and acquisition costs for oil and gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, costs of drilling both productive and non-productive wells, and geological and geophysical expenses.

Gains or losses on the sale or disposition of oil and gas properties are not recognized unless recognition would result in a major revision of depletion rates.

Capitalized costs are depleted using the unit-of-production method based on estimated proven reserves of oil and gas before royalties. In order to calculate depletion, natural gas and natural gas liquids are converted to equivalent volumes of crude oil based on the approximate relative energy content.

The Company applies a "ceiling test" to capitalized costs to ensure such costs do not exceed future net revenues from estimated production of reserves, using prices and costs in effect at the end of the Company's fiscal period. Future net revenues are calculated after deducting general and administrative costs, financing costs, income taxes and future site restoration costs.

The estimated costs for future site restoration and abandonments are provided for on a unit-of-production basis. The estimates are based on current regulations and industry standards in effect at year-end. The annual charge is recorded as site restoration and the actual site restoration costs are charged to the site restoration provision as incurred.

c) Joint ventures

The Company's oil and gas activities are conducted jointly with others. The financial statements reflect only the Company's proportionate interest in such activities.

d) Furniture and equipment

Furniture and equipment are depreciated on a straight-line basis over five years.

e) Income taxes

Effective January 1, 2000, the Company adopted the liability method of accounting for future income taxes per CICA Handbook Section 3465 on a retroactive basis without restatement of prior periods. The following adjustments were made to the accounts at January 1, 2000: Increase capital assets - $381,386; increase future income taxes - $238,902 and decrease deficit - $142,484.

f) Loss per share

Effective January 1, 2001, the Company adopted a new standard with respect to the calculation and disclosure of per share amounts. Under the new standard, the treasury stock method of calculating per share amounts is used whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The new standard has no effect on basic or fully diluted per share amounts.

Loss per share has been calculated based on the weighted average number of Class A and Class B shares outstanding during the year of 14,488,206 (2000 - 14,488,206).

3. PROPERTY, PLANT AND EQUIPMENT

	2001		
	Cost	Accumulated Depletion and Depreciation	Net
Petroleum and natural gas properties	$4,535,677	$2,645,644	$1,890,033
Furniture and equipment	125,376	99,469	25,907
	$4,661,053	$2,745,113	$1,915,940

	2000		
	Cost	Accumulated Depletion and Depreciation	Net
Petroleum and natural gas properties	$4,269,426	$2,246,556	$2,022,870
Furniture and equipment	124,171	90,913	33,258
	$4,393,597	$2,337,469	$2,056,128

a) As at December 31, 2001, the cost of petroleum and natural gas properties includes $510,000 (December 31, 2000 - $865,000) relating to unproven properties that are not being depleted.

b) As a result of applying the ceiling test evaluation at December 31, 2001, the Company reduced the carrying value of its oil and gas properties by $215,276. The ceiling test was calculated using a year-end price of $3.48 per mcf of gas.

4. RELATED PARTY TRANSACTIONS

a) Certain officers have the right to participate in all prospects of the Company up to a maximum of 10% of the Company's working interests. Election to participate must be made prior to the commencement of drilling the initial well or prior to incurring the first risk expenditures on a well on the prospect. No such elections occurred in 2001 or 2000.

b) During the year 2000, the Company acquired certain furniture and office equipment, a log library, from certain officers for $30,150 which is recorded based on the exchange amount.

5. SHARE CAPITAL

Authorized:

Unlimited Class A common voting shares
2,000,000 Class B common voting shares

Issued:	2001		2000	
	Number of Shares	Amount	Number of Shares	Amount
Class A Shares				
Balance, beginning and end of year	13,088,206	4,760,200	13,088,206	4,760,200
Class B Shares				
Balance, beginning and end of year	1,400,000	14,000	1,400,000	14,000
Total		$4,774,200		$4,774,200

a) Class B Common Voting Shares

The Class B common shares are entitled to one vote per share but are not entitled to dividends or to receive any share of assets upon liquidation or any other distribution of assets of the Company. The Class B common shares are convertible on a one-for-one basis into Class A common shares provided that, at the time of conversion, the Company has achieved certain performance levels and the escrow conditions imposed by any securities regulatory authority or stock exchange are no longer applicable.

At December 31, 2001, 1,400,000 Class B common shares (2000 - 1,400,000) are subject to the escrow conditions and may not be traded without prior regulatory approval.

b) Share Options

The Company adopted a stock option plan in 1998 whereby the number of shares that may be reserved for issuance pursuant to stock options shall not exceed ten percent of the outstanding common shares of the Company from time to time. No eligible optionee may hold stock options to purchase more than five percent of the outstanding common shares of the Company. Option prices and expiry dates are set by the Board of Directors upon issuance. No compensation expense is recognized when stock or stock options are issued under the plan. Any consideration paid upon exercise of stock options is credited to share capital.

A summary of the outstanding stock options as of December 31, 2001 and 2000, and changes during the years then ended follows:

Fixed Options	2001 Shares	2001 Weighted-Average Exercise Price	2000 Shares	2000 Weighted-Average Exercise Price
Outstanding, beginning of year	915,000	$0.49	1,090,000	$0.50
Granted	150,000	0.10	25,000	0.25
Expired	(75,000)	0.50	(200,000)	0.50
Canceled	-		-	
Outstanding, end of year	990,000	0.43	915,000	0.49
Exercisable, end of year	990,000		915,000	

Options Outstanding and Exercisable as of December 31, 2001

Exercise Prices	Number Outstanding	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Number Exercisable
$0.50	890,000	1.15 years	$0.50	890,000
$0.25	25,000	1.15 years	$0.25	25,000
$0.10	150,000	4.65 years	$0.10	150,000

6. INCOME TAXES

The provision for income taxes is different from the amount computed by applying the combined statutory Canadian federal and provincial tax rates to earnings before taxes. The reasons for the differences are as follows:

	2001	**2000**
Loss for the year before taxes	$ (446,001)	$ (213,298)
Expected combined federal and provincial income tax rate	42.62%	44.62%
Expected recovery for income taxes	$ (190,085)	$ (95,174)
Increase (decrease) resulting from:		
Crown charges	47,800	26,996
Alberta royalty tax credit	(12,878)	(6,717)
Attributed Canadian Royalty Income	(12,923)	(12,204)
Valuation allowance	19,890	-
Other items	(6,602)	2,995
Recovery of future income taxes	$ (154,798)	$ (84,104)

Future income tax (asset) liability consists of the following temporary differences:

Property and equipment	$232,480	$ 401,928
Non-capital loss carryforwards	(156,521)	(139,421)
Share issuance expenses	(2,050)	(16,077)
Alberta attributed royalty income	(84,046)	(81,659)
Future site restoration	(9,753)	(9,973)
	(19,890)	154,798
Valuation allowance	19,890	-
	$ -	$ 154,798

The following tax deductions are available to reduce future taxable income:

Canadian oil and gas property expense	$ 417,000	$ 470,000
Canadian development expense	87,000	1,000
Canadian exploration expense	393,000	281,000
Undepreciated capital cost	517,000	418,000
Share issue costs	5,000	36,000
Non-capital losses	326,000	312,000
Alberta attributed royalty income	608,000	527,000

The expiry dates of the non-capital losses are as follows:

December 31,	2002	$ 42,000
	2003	20,000
	2004	101,000
	2005	57,000
	2007	92,000
	2008	14,000
		$326,000

7. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized in the balance sheet consist of cash, accounts receivable and accounts payable and accrued liabilities. The fair values of the financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

Credit Risk

The Company is exposed to credit-related losses in the event of default by counter-parties to financial instruments. The Company does not expect any counter-parties to fail to meet their obligations because the Company limits its transactions to counter-parties of high credit quality.

8. COMMITMENTS

The Company leases office premises under an agreement which expires April, 2005 for annual lease payments as follows:

2002	$70,154
2003	70,154
2004	72,123
2005	24,370

AUDITORS' REPORT

To the Shareholders of
Meridian Energy Corporation:

We have audited the balance sheets of Meridian Energy Corporation as at December 31, 2001 and 2000 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 15, 2002

CORPORATE INFORMATION

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President & CEO

Allen R. Bradley
Vice-President, Exploration

Norris R. M. Morgan
Secretary

Shannon Matthyssen
Controller

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Solicitors

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Registrar & Transfer Agent

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